This financial report was approved by the Board of Directors of Highlight Event and Entertainment AG on August 23, 2018.

Contact:
Bernhard Burgener
President and member of the Board of Directors

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (condensed)

in CHF thousand	**June 30, 18**	**Dec. 31, 17**
	Not audited	*Audited*
Cash and cash equivalents	62,832	197,661
Receivables	119,968	135,113
Inventories	5,443	4,027
Contract assets	14,719	0
Current assets	**202,962**	**336,801**
Film assets	180,541	161,814
Property, plant and equipment	13,423	3,778
Intangible assets	404,886	326,741
Goodwill	106,516	1,579
Other financial assets	8,129	7,934
Advance payments for shares in affiliated companies	0	3,296
Investments in associated companies	56	75,570
Non-current receivables	8,093	6,137
Deferred tax assets	2,487	2,552
Non-current assets	**724,131**	**589,401**
ASSETS	**927,093**	**926,202**
Current liabilities	150,439	128,539
Financial liabilities	137,807	93,672
Current tax liabilities	4,560	2,850
Contract liabilities	5,499	0
Advance payments received	62,192	55,305
Provisions	8,630	5,024
Current liabilities	**369,127**	**285,390**
Non-current liabilities	2,168	1,924
Financial liabilities	69,521	70,257
Benefit plan liabilities	4,736	5,262
Deferred tax liabilities	70,451	51,623
Non-current liabilities	**146,876**	**129,066**
Liabilities	**516,003**	**414,456**
Share capital	77,400	77,400
Treasury shares	-786	-786
Reserves	76,244	79,341
Equity attributable to shareholders of HLEE	**152,858**	**155,955**
Non-controlling interests	258,232	355,791
Equity	**411,090**	**511,746**
EQUITY AND LIABILITIES	**927,093**	**926,202**

The notes on pages 6 – 14 are an integral part of these condensed interim consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (condensed)

in CHF thousand	Jan. 1 - June 30, 2018	Jan. 1 - June 30, 2017
	Not audited	*Not audited*
Sales	241,425	1,502
Capitalized film production costs and other own work capitalized	71,127	0
Gross profit	**312,552**	**1,502**
Other operating income	**7,401**	**42**
Costs for licenses, commissions and materials	-21,754	0
Cost of purchased services	-131,092	-95
Cost of materials and licenses	**-152,846**	**-95**
Staff costs	-64,017	-1,009
Other operating expenses	-37,398	-3,032
Amortization, depreciation and impairment	-62,988	-2
Operating result	**2,704**	**-2,594**
Result from investments in associates	-372	183
Interest income and other financial income	1,997	15
Interest expense and other finance cost	-9,049	-446
Earnings before taxes	**-4,720**	**-2,842**
Current taxes	-5,003	0
Deferred taxes	1,774	-2
Consolidated net income	**-7,949**	**-2,844**
Other income not reclassified to profit or loss		
Gains/losses from financial assets at fair value	1,504	-2,997
Pension plan remeasurement (after taxes)	875	157
Other income reclassified to profit or loss		
Currency translation differences	-1,847	0
Gains/losses from cash flow hedges	1,759	0
Other comprehensive income including taxes	**2,291**	**-2,840**
Total comprehensive income	**-5,658**	**-5,684**
Consolidated net income attributable to:		
Shareholders of Highlight Event & Entertainment AG	-3,909	-1,971
Non-controlling interests	-4,040	-873
Total comprehensive income attributable to:		
Shareholders of Highlight Event & Entertainment AG	-2,942	-4,811
Non-controlling interests	-2,716	-873
Basic and diluted earnings per share (CHF)	-0.46	-1.17
Weighted number of shares outstanding	8,548,623	1,681,123

The notes on pages 6 – 14 are an integral part of these condensed interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (condensed)

in CHF thousand	Note	**Jan. 1 - June 30, 2018**	**Jan. 1 - June 30, 2017**
		Not audited	*Not audited*
Consolidated net income		-7,949	-2,844
Deferred taxes		-1,774	2
Income taxes		5,033	0
Net finance cost (without currency result)		5,039	432
Depreciation, amortization, and write-downs		62,988	2
Other non-cash income and expenses		3,165	-43
Result from investments in associates		372	-183
Interest received		33	8
Interest paid		-8,042	-408
Taxes received		1,407	0
Taxes paid		-3,275	0
Increase (-) / decrease (+) in assets attributable to operating activities		27,831	-1,726
Increase (+) / decrease (-) in liabilities attributable to operating activities		-4,939	18,776
Cash flow from operating activities		**79,889**	**14,016**
Change in cash and cash equivalents due to acquisitions		-103,695	0
Acquisition of property, plant and equipment		-4,195	-4
Disposal of property, plant and equipment		234	0
Acquisition of intangible assets		-825	-250
Acquisition of film assets		-78,010	0
Disposal of shares in subsidiaries		12,221	0
Acquisition of financial assets		-76,013	-16,000
Disposal of financial assets		75,548	0
Cash flow from investing activities		**-174,735**	**-16,254**
Acquisition of treasury shares		0	0
Borrowing of current financial liabilities		11,212	9,845
Repayment of current financial liabilities		-43,157	0
Repayment of non-current liabilities		0	-340
Dividend payments		-6,814	0
Cash flow from financing activities		**-38,759**	**9,505**
Net change in cash and cash equivalents		**-133,635**	**7,267**
Cash and cash equivalents as of January 1		197,661	3,721
Effect of exchange rate differences		-1,194	7
Cash and cash equivalents as of June 30		**62,832**	**10,995**

The notes on pages 6 – 14 are an integral part of these condensed interim consolidated financial statements.

Change in the consolidated statement of changes in equity (condensed)

Changes in equity 2018 in CHF thousand *unaudited*	Share capital	Advance payments for share capital	Reserves	Treasury stock	**Equity attributable to shareholders of HLEE**	Non-controlling interests	**Total equity**
December 31, 2017	**77,400**	**0**	**79,341**	**-786**	**155,955**	**355,791**	**511,746**
Retrospective change to the accounting method due to IFRS 9 and IFRS 15			**-155**		**-155**	**-192**	**-347**
January 1, 2018	**77,400**	**0**	**79,186**	**-786**	**155,800**	**355,599**	**511,399**
Consolidated net income Jan. 1 to June 30, 2018			-3,909		-3,909	-4,040	-7,949
Other comprehensive income Jan. 1 to June 30, 2018			967		967	1,324	2,291
Total comprehensive income			**-2,942**		**-2,942**	**-2,716**	**-5,658**
Dividends			0		0	-6,814	-6,814
Change in scope of consolidation		0	0		0	-87,837	-87,837
June 30, 2018	**77,400**	**0**	**76,244**	**-786**	**152,858**	**258,232**	**411,090**

Changes in equity 2017 in CHF thousand *unaudited*	Share capital	Advance payments for share capital	Reserves	Treasury stock	**Equity attributable to shareholders of HLEE**	Non-controlling interests	**Total equity**
January 1, 2017	**15,593**	**16,399**	**-6,489**	**-786**	**24,717**	**16**	**24,733**
Consolidated net income Jan. 1 to June 30, 2017			-1,971		-1,971	-873	-2,844
Other comprehensive income Jan. 1 to June 30, 2017			-2,840		-2,840		-2,840
Total comprehensive income			**-4,811**		**-4,811**	**-873**	**-5,684**
Convertible loan			290		290		290
Capital increase against contributions		37,103			37,103		37,103
June 30, 2017	**15,593**	**53,502**	**-11,010**	**-786**	**57,299**	**-857**	**56,442**

The notes on pages 6 – 14 are an integral part of these condensed interim consolidated financial statements.

NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS
as of June 30, 2018 (not audited) – Highlight Event and Entertainment AG, Pratteln

1. GENERAL INFORMATION ON THE GROUP

The parent company of the Group, Highlight Event and Entertainment AG, has its registered office in Netzibodenstrasse 23b, Pratteln/Switzerland.

The Board of Directors of Highlight Event and Entertainment AG released these unaudited condensed interim consolidated financial statements for publication on August 23, 2018.

2. ACCOUNTING POLICIES

The unaudited condensed interim consolidated financial statements for the period from January 1 to June 30, 2018 were prepared in accordance with the International Accounting Standard on Interim Financial Reporting (IAS 34).

The condensed interim consolidated financial statements do not contain all the notes and disclosures required for the financial statement for a financial year and should be read in connection with the consolidated financial statements as of December 31, 2017 published by the company.

With the exception of the first-time adoption of new or amended standards and interpretations described in note 3, the accounting and valuation policies applied when preparing the condensed consolidated interim financial statements remained consistent with those applied in the consolidated financial statements for fiscal year 2017 (see 2017 annual report, notes to the consolidated financial statements, note 4).

The condensed interim consolidated financial statements have been prepared in Swiss francs, which is the functional and reporting currency of the Group's parent company. Amounts are stated in thousands of Swiss francs (TCHF) unless stated otherwise.

The Film and Sports segments are subject to seasonal fluctuations. The Film segment's sales depend on the respective theatrical release dates and the subsequent exploitation chain. The Film segment's sales depend on the respective theatrical release dates and the subsequent exploitation chain. This leads to fluctuations in terms of sales and segment earnings in the quarters of the fiscal year.

In preparing the condensed interim consolidated financial statements, the management is required to make estimates and assumptions influencing the assets, liabilities and contingent liabilities reported as of the end of the reporting period and income and expenses in the reporting period (see 2017 Annual Report, Notes to the consolidated financial statements, note 5).

3. CHANGES TO ACCOUNTING POLICIES

The mandatory first-time adoption of the following accounting standards and interpretations as of January 1, 2018, resulted in the following material changes in these condensed consolidated interim financial statements.

3.1 First-time adoption of IFRS 9, Financial Instruments (2010, 2013 and 2014)

The HLEE Group adopted IFRS 9 (2009) for the Group's consolidated financial statements at an early stage starting from January 1, 2016.

On July 24, 2014, the IASB published the final version of IFRS 9, Financial Instruments. This version compiles the results of the phases classification and measurement of financial assets (2009) and financial liabilities (2010), impairment (2014) and hedge accounting (2013), in which the project to replace IAS 39, Financial Instruments: Recognition and Measurement was implemented.

The existing provisions for financial liabilities have largely been adopted. The only significant change relates to financial liabilities in the fair value option, for which fair value fluctuations owing to changes in the company's own default risk are recognized in other comprehensive income (OCI).

The new impairment model moves the focus to generally earlier loss allowances. IFRS 9 stipulates three levels that will determine the amount of loss and interest recognition in the future:

- Level 1: Losses expected on addition must be recognized in the amount of the present value of the 12-month expected credit losses.
- Level 2: If the credit risk has increased significantly, the loss allowance must be increased up to the amount of losses expected for the full remaining term.
- Level 3: In the event of an objective indication of impairment, interest revenue is recognized on the basis of the net carrying amount.

IFRS 9 extends the scope of the hedged items to which hedge accounting can potentially be applied. A further fundamental difference compared to the hedge accounting model presented in IAS 39 is the abolition of the 80% to 125% interval for effective hedges and the provision requiring quantitative assessment of the effectiveness of hedges. In the IFRS 9 model, there must be evidence of an economic relationship between the hedged item and the hedging instrument without there being quantitative limits. On first-time adoption of IFRS 9, an entity has a one-time option to choose between hedge accounting under IFRS 9 and the previous guidance under IAS 39. The variant chosen applies to all current and future hedge accounting.

Whereas IAS 39 requires only the recognition of credit losses that have already occurred, the new provisions under IFRS 9 stipulate that expected future losses must also be taken into account when recognizing a loss allowance. The application of the new impairment model under IFRS 9 in the case of debt instruments results in slight changes in the amount of impairment losses. Loss allowances for trade accounts receivable and contract assets are determined using the simplified approach.

The first-time adoption of IFRS 9 resulted primarily in the following cumulative adjustment effects recognized in retained earnings as of January 1, 2018:

(TCHF)	
Increase in impairment on trade accounts receivable and other receivables (non-current)	24
Increase in impairment on trade accounts receivable and other receivables (current)	317
Impairment on assets initially recognized according to IFRS 15	6
Total	**347**

At the end of March 2018, Highlight Communications AG acquired Constantin Medien AG and reports it in the Sports segment. The main sources of income are advertising revenues, distribution revenues, and revenues from the performance of production services. Sales relate to products for platforms and services. There are no significant changes to the transition to IFRS 15.

The maturity-specific allowance factors are based on historical and forward-looking information. The expected losses over the remaining term are determined as percentages or on the basis of available ratings depending on the number of days overdue. The percentages are based on historical loss rates, which are adjusted for forward-looking estimates.

The first-time adoption of the new impairment model had no material effects on cash and cash equivalents or receivables from associated companies.

The impairment on financial assets according to IAS 39 as of December 31, 2017, is reconciled to the opening balance sheet as of January 1, 2018, according to IFRS 9 as follows:

Impairment on financial assets incl. contract assets

(TCHF)	non-current trade accounts receivable (AC)	current trade accounts receivable (AC)	other current receivables (AC)	contract assets
Total according to IAS 39 (Dec. 31, 2017)	-	4,559	1,730	-
Change resulting from first-time adoption of IFRS 9	24	297	20	6
Total according to IFRS 9 (Jan. 01, 2018)	**24**	**4,856**	**1,750**	**6**

AC: Financial assets at amortized cost

On first-time adoption of IFRS 9, an entity has a one-time option to choose between hedge accounting under IFRS 9 and the previous guidance under IAS 39. The variant chosen applies to all current and future hedge accounting. The HLEE Group applies the regulations of IFRS 9 on hedge accounting prospectively starting from January 1, 2018. All hedges that went beyond December 31, 2017, were continued.

The adoption of IFRS 9, Financial Instruments, also requires additional disclosures in the notes according to IFRS 7, Financial Instruments: Disclosures. These relate in particular to disclosures on impairment and hedge accounting. The HLEE Group will present these additional disclosures in full for the first time in the consolidated financial statements as of December 31, 2018.

3.2 First-time Adaption of IFRS 15, Revenue from Contracts with Customers (including clarifications)
In May 2014, the IASB issued the new standard IFRS 15, Revenue from Contracts with Customers. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, in particular and is mandatory for reporting periods from January 1, 2018.

The standard stipulates a principles-based five-step model for determining and recognizing revenue and is applicable to all contracts with customers.

The HLEE Group exercises the option for simplified first-time adoption and does not reassess contracts that were entirely fulfilled before the date of first-time adoption. In accordance with the standard's transitional provisions, the previous year's figures were not adjusted.

A significant financing component is not accounted for if the period between when a promised good or service is transferred to a customer and when the customer pays for that good or service will be one year or less.

The HLEE Group has capitalized no costs of contract acquisition and no costs of contract fulfillment, as these are immaterial.

Overall, no material quantitative changes in revenue recognition arose from the implementation of IFRS 15.

The impairment on financial assets according to IAS 39 as of December 31, 2017 is reconciled to the opening balance sheet as of January 1, 2018 according to IFRS 9 as follows:

The adjustments in connection with the first-time adoption of IFRS 15 are as follows:

(TCHF)	**Carrying amount according to IAS 18/IAS 11 Dec. 31, 2017**	Reclassifi-cation	**Carrying amount according to IFRS 15 Jan. 01, 2018**
ASSETS			
Trade accounts receivable and other receivables *	**127,735**	-13,628	**114,107**
Contract assets *	-	13,628	**13,628**
EQUITY AND LIABILITIES			
Trade accounts payable and other liabilities	**122,304**	-5,018	**117,286**
Provisions (current)	**5,024**	-3,716	**1,308**
Contract liabilities	-	8,734	**8,734**

** The carrying amounts as of January 1, 2018, are presented before the impairment recognized on contract assets according to IFRS 9. Please refer to the remarks on the first-time adoption of IFRS 9.*

The table only shows the items affected by the change resulting from the first-time adoption of IFRS 15.

The reclassifications mainly relate to receivables and liabilities from contract manufacturing, which are recognized under contract assets and liabilities according to IFRS 15. These are netted per customer contract. In addition, expected returns of merchandise are recognized according to IFRS 15.

Due to the acquisition of Constantin Medien AG, there are sales in the Sports segment. Constantin Medien AG's advertising revenues are generally recognized when the corresponding advertisement is broadcasted or appears to the consumer. Discounts and commission fees for the advertising agencies are deducted directly from revenues. There are generally no financing components, as the contracts with the advertising agencies are concluded for one year. Production services and broadcast management are generally recognized in relation to specific periods using the output-based method.

The adoption of IFRS 15, Revenue from Contracts with Customers, likewise requires additional disclosures in the notes. The HLEE Group will present these full for the first time in the consolidated financial statements as of December 31, 2018, in addition to the disclosures on the disaggregation of revenue by category in note 8.

4. CHANGES IN JUDGMENT/ESTIMATION UNCERTAINTY

Impairment of financial assets (debt instruments)
The requirements for the recognition of impairment on financial assets, which is based on the expected loss model, include substantial judgments regarding the extent to which expected credit losses can be influenced by changes in economic factors. Financial assets are to be divided into different risk classes according to historical and expected probabilities of default. Loss allowances must be recognized before loss events occur.

At the HLEE Group, expected losses are defined as the weighted average of the credit losses or using available ratings, with these being weighted by the respective probabilities of default. The estimates always account for the possibility of default and the possibility of non-default, even if the most probable scenario is non-default.

5. CHANGES IN SCOPE OF CONSOLIDATION

5.1 First-time consolidations

On December 18, 2017, Highlight Communications AG together with a third party made the shareholders of Constantin Medien AG, Ismaning, Germany, a voluntary public takeover offer and thus acquired 48.39 % on February 18, 2018. At the end March 2018, additional shares of 29.99 % of Constantin Medien AG were sold by Highlight Event and Entertainment AG to Highlight Communications AG, so control was obtained as of the end of March 2018. Both transactions are classified as one transaction, as they represent one transaction from an economic perspective. The company is allocated to the Sports segment. In addition, the HLEE Group acquired a further stake of 19.71% in Highlight Communications AG from Constantin Medien AG at the end of March 2018. Overall, the HLEE Group holds a direct interest of 44.71% in Highlight Communications AG.

In accordance with IFRS, the cost of the acquisition of Constantin Medien AG amounts to CHF 196.7 million. This corresponds to the fair value of the equity investment previously held at the acquisition date when control of Constantin Medien AG was obtained.

The identified assets and liabilities as of March 31, 2018, are as follows:

(TCHF)	Total
Non-current assets	
Intangible assets	77,069
Other intangible assets	3,196
Property, plant and equipment	6,467
Other non-current financial assets	49,626
Deferred tax assets	297
Current assets	
Inventories	152
Trade accounts receivable	21,645
Receivables	15,941
Cash and cash equivalents	92,039
Non-current liabilities	
Other non-current liabilities	-98
Deferred tax liabilities	-2,032
Deferred tax liabilities (revaluation)	-18,312
Current liabilities	
Current financial liablities	-75,178
Trade accounts payable	-19,229
Other liabilities	-22,035
Provisions	-10,634
Income tax liabilities	-276
Identified assets and liabilities (net)	**118,638**
Goodwill	103,740
Non-controlling interests	-25,650
Cost of the acquisition	**196,728**
Cash and cash equivalents acquired (cash inflow)	92,039
Total cash outflow	**104,689**

The other non-current financial assets of CHF 49.6 million relate to shares in Highlight Communications AG. The deferred tax liabilities (remeasurement) consist of the tax liabilities in connection with the acquisition of intangible assets.

The provisional purchase price allocation (PPA) results in goodwill of TCHF 103,740. This constitutes the positive difference between the purchase price paid and the fair values of the acquired assets and assumed liabilities including deferred taxes and primarily represents strategic synergy and development potential expected in the Sports segment in the future.

The intangible assets primarily relate to the “Sport 1” brand and the various rights in sports business. The main sources of income are advertising revenues, distribution revenues, and revenues from the performance of production services. Sales relate to products for platforms and services. Goodwill was accounted for and measured in line with the partial goodwill method.

Constantin Medien AG is an international media company based in Germany. Its program portfolio includes the SPORT1 platforms with the following rights:

Football with live and highlight rights to the DFB-Pokal from the 2019/2020 season up to and including the 2021/2022 season, the UEFA Youth League until 2020/21, and the finals of the UEFA Women’s Champions League until 2018/19, highlight summaries of the 2. Bundesliga on Friday and Sunday evenings from the start of the second half of the 2017/18 season, highlight clips from all games of the 2018 FIFA World Cup™ and the 2018 UEFA European Under-17 Championship, motorsport with the FIA WEC, FIA Formula 2, the Porsche Carrera Cup, and the new “Porsche GT Magazin” show, volleyball with the women’s and men’s Bundesliga from 2018/2019 to 2020/2021 and the Nations League 2018, American football with the German Football League (GFL), ice hockey with the NHL Global Series Challenge 2018, handball with international matches of German national teams, hockey with the Hockey World Cup 2018 and the German Championship 2018, and eSports with the EA SPORTS™ FIFA 18 Global Series, the TAG Heuer Virtual Bundesliga, the ESL Spring Championship 2018, and ESL One Dota 2. Since March 2018, SPORT1 has bundled its activities on external platforms in the newly established New Platforms unit. In the area of social media, SPORT1 reaches more than 5 million fans on channels including Facebook, Instagram, Twitter, and YouTube. SPORT1 has a very important brand in Germany.

Constantin Medien AG’s portfolio also includes PLAZAMEDIA. In June 2018, PLAZAMEDIA commissioned Europe’s most state-of-the-art, IP-based broadcasting center. In addition to the regular recording of the talk show “Ringlstetter,” the studio production “Gesundheits-show” was created for Bayerischer Rundfunk including additional production services in the first half of 2018. Extensive series production services were rendered for ZDF and SPORT1 in connection with the UEFA Champions League, the UEFA Europa League, the Bundesliga and the 2. Bundesliga, and the 2018 FIFA World CupTM. In addition, PLAZAMEDIA took over the provision and operation of technical infrastructure and the technical production services for DAZN and Amazon Music’s sports radio, produced the international soccer match between Japan and Paraguay for Nippon TV, and digitalized content and established an archive for the DKB Handball-Bundesliga. PLAZAMEDIA was also responsible for the implementation of several events for well-known customers at the “ziegelei101” venue in the first half of 2018.

Highlight Communications AG will report Constantin Medien AG in the Sports segment and will benefit from its digital platforms, SPORT1 brand name, network, and synergies in future. For this reason, the goodwill is justified.

Assuming that Constantin Medien AG had been included in the consolidated financial statements starting from January 1, 2018, this would result in consolidated pro-forma net sales of CHF 70.5 million and a consolidated pro-forma net loss of CHF 8.7 million. Starting from April 1, 2018, consolidated sales of CHF 37.2 million and a net loss of CHF 3 million were assumed by Highlight Communications AG for the second quarter of 2018 as a result of the first-time consolidation.

5.2 Other changes

Under a contract dated January 1, 2018, and with economic effect from the same date, Constantin Film Produktion GmbH, Munich, acquired 100 % of Mythos Film GmbH, Berlin, and also indirectly acquired its wholly-owned subsidiaries Mythos Film Verwaltungs GmbH, Berlin, and Mythos Film Produktions GmbH und Co. KG, Berlin. As a result of gaining control, this equity investment will be included in consolidation from the acquisition date onwards. The company primarily produces own and co-productions for the German market. The Group acquired it in order to further expand its production activities. The purchase price according to IFRS 3 comprises a cash purchase price of TCHF 3,043. The payment for the acquisition was made in December 2017.

The assets taken from the provisional annual financial statements at fair value include property, plant and equipment and intangible assets of TCHF 107, film assets of TCHF 1,836, deferred tax assets of TCHF 141 and current assets comprising receivables (TCHF 487) and cash and cash equivalents (TCHF 701). These are offset by liabilities assumed at fair value totaling TCHF 723.

The provisional purchase price allocation results in non-tax-deductible goodwill of TCHF 494. This constitutes the positive difference between the purchase price paid and the fair values of the acquired assets and assumed liabilities including deferred taxes and primarily represents strategic synergy and development potential among the productions.

As a result of the first-time consolidation of the companies as of January 1, 2018, sales revenues of TCHF 1,862 and earnings after taxes of TCHF 640 were included in the consolidated interim financial statements.

Chameleo AG was founded on March 15, 2018. The HLEE Group acquired 90% of the shares. The company is in the development phase. On May 15, 2018, Chameleo AG founded a wholly owned subsidiary, Chameleo GmbH, based in Munich, Germany. Chameleo AG and Chameleo GmbH, which is held by the former, support companies in optimizing their operations in the context of a digital transformation and perform related consultancy services and management support through to operational implementation of projects. Because their business activities are in the development phase and are currently immaterial, they are reported in the Others segment.

On June 13, 2018, a 2% interest in SP Group (Europe) AG was acquired. The purchase price was TCHF 500. The purpose of the company is the direct or indirect acquisition, ongoing management, and sale of majority or minority interests in domestic and foreign enterprises of all types.

Under a contract dated June 21, 2018, and with economic effect from the same date, Constantin Television GmbH, Munich, acquired 100 % of Hager Moss Film GmbH, Munich. As a result of gaining control, this equity investment will be included in consolidation from the acquisition date onwards. The company primarily produces service productions for the German market. The Group acquired it in order to further expand its production activities. The purchase price according to IFRS 3 comprises a cash purchase price of TCHF 1,697 and a conditional purchase price component (earn-out agreement) with a fair value of TCHF 244. The full payment was recognized under non-current liabilities.

The assets taken from the provisional half-year financial statements at fair value include property, plant and equipment and intangible assets of TCHF 62, film assets of TCHF 2,961 and current assets comprising inventories (TCHF 345), receivables (TCHF 1,407) and cash and cash equivalents (TCHF 294). These are offset by liabilities assumed at fair value (TCHF 3,831).

The provisional purchase price allocation results in non-tax-deductible goodwill of TCHF 703. This constitutes the positive difference between the purchase price paid and the fair values of the acquired assets and assumed liabilities including deferred taxes and primarily represents strategic synergy and development potential among the productions.

Including the company from the start of the fiscal year until the first-time consolidation as of June 21, 2018, would have had the following effects on the results of operations, financial position and net assets: revenue of TCHF 2,207 and earnings after taxes of TCHF 1. The effective date of the first-time consolidation is June 21, 2018. Because there are no significant reconciling items to be taken into account, the statement of financial position and the income statement of Hager Moss Film GmbH as of June 30, 2018, are used for the first-time consolidation of the company for reasons of materiality.

6. NOTES ON SELECTED ITEMS OF THE STATEMENT OF FINANCIAL POSITION AND THE INCOME STATEMENT

The balance sheet total amounted to TCHF 927,093 as of June 30, 2018 after TCHF 926,202 as of December 31, 2017. Non-current assets increased by TCHF 134,730 in total. This was primarily due to the first-time consolidation of Constantin Medien AG by the Highlight Group, which increased goodwill by TCHF 103,740 and other intangible assets by TCHF 77,069. Current assets fell by a total of TCHF 133,839, especially because of the reduction in cash and cash equivalents of TCHF 134,829. On the equity and liabilities side, liabilities increased by TCHF 101,547 in total. Financial liabilities and advance payments received rose by TCHF 50,286.

Film assets
As of June 30, 2018, film assets increased by TCHF 18,727 as against December 31, 2017. This increase is primarily attributable to the increase in own productions totaling TCHF 17,916.

Equity
The remeasurement of pension liabilities led to an increase in retained earnings of TCHF 875 on account of changes in assumptions and a slightly higher discount rate in particular. The interest in Highlight Communications AG increasing by an additional 19.71% as well as the first-time consolidation of Constantin Medien AG, resulted in a corresponding decline of non-controlling interests by TCHF 87,837.

Dividend distributions of TCHF 6,814 to non-controlling interests were made in the reporting period.

Liabilities
The increase in non-current liabilities by a total of TCHF 17,810 is mainly attributable to a rise in deferred tax liabilities – due to the first-time consolidation of Constantin Medien AG.

As against December 31, 2017, current liabilities increased by TCHF 83,737. This is primarily attributable to the increase in current financial liabilities by TCHF 44,135. In addition, advance payments received rose from TCHF 55,305 as of December 31, 2017, to TCHF 62,192.

Sales and other income
Sales amounted to TCHF 241,425 in the reporting period after TCHF 1,502 in the same period of the previous year. The reason for the increase is that as of September 28, 2017 the HLEE Group fully consolidated the Highlight Group and that for this reason is not comparable with the previous-year period.

Operating expenses
Operating expenses increased by a total of TCHF 34,366 as against the first half of 2017. This also reflects the effects of the first-time consolidation of Highlight Communications AG as of September 28, 2017.

Financial result
In the reporting period, financial cost increased by a total of TCHF 8,603 compared to the same period of the previous year. This change is due particularly to the higher financing costs in connection with the financial liabilities raised in the previous year.

7. FINANCIAL INSTRUMENTS

Fair value of financial assets and liabilities
The following table shows the allocation of financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy:

June 30, 2018 (TCHF)		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivative financial instruments	FVPL/no category	-	1,726	-	1,726
Financial assets at fair value through profit or loss	FVPL	-	-	-	-
Financial assets (equity instruments)	FVOCI	-	-	10	10
Financial liabilities measured at fair value					
Financial liabilities at amortized cost	FLPL	-	-	244	244
Derivative financial instruments	FLPL/no category	-	1,715	-	1,715

December 31, 2017 (TCHF)		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivative financial instruments	FVPL/no category	-	2,032	-	2,032
Financial assets at fair value through profit or loss	FVPL	35	-	-	35
Financial assets (equity instruments)	FVOCI	-	-	-	-
Financial liabilities measured at fair value					
Derivative financial instruments	FLPL/no category	-	4,104	-	4,104

AC: *Financial assets at amortized cost*
FVOCI: *Financial assets at fair value through OCI*
FVPL: *Financial assets at fair value through profit or loss*
FLPL: *Financial liabilities at fair value through profit or loss*

The financial assets measured at fair value through profit or loss and included in level 1 are measured using stock market prices. The derivative financial instruments in level 2 are measured at current market rates. The discounted cash flow method was used to determine the fair value of level 2 financial instruments. The preference shares assigned to level 3 of the fair value hierarchy and the shares in Geenee Inc. had already been written down in full in previous years. For reasons of materiality, the other non-current equity instruments totaling TCHF 10 are recognized at historical cost.

There were no reclassifications between the individual levels of the fair value hierarchy.

Financial assets and liabilities at amortized cost
Given the short remaining term, the carrying amounts of current financial receivables and liabilities as of the end of the reporting period are approximately the fair value. Non-current receivables are discounted according to their remaining term. Their carrying amounts are therefore also approximately their fair value.

Fair value of non-financial assets and liabilities
As of June 30, 2018 and December 31, 2017, there were no non-financial assets or liabilities measured at fair value.

8. SEGMENT REPORTING

Segment information Jan. 1 to June 30, 2018

in CHF thousand	Film	Sports- and Event-Marketing	Sports	Event Marketing	Other	Recon-ciliation	Group
External sales	147,227	30,031	62,259	1,908	-	-	241,425
Group sales	-	-	51	-	-	-51	-
Total sales	147,227	30,031	62,310	1,908	-	-51	241,425
Other segment income	75,332	225	2,036	7	1,069	-141	78,528
Segment expenses	-219,313	-15,406	-76,842	-1,081	-4,856	249	-317,249
of which scheduled amortization, depreciation	*-56,578*	*-236*	*-2,939*	*-3*	-	-	*-59,756*
of which impairment	*-3,232*	-	-	-	-	-	*-3,232*
Segment earnings	**3,246**	**14,850**	**-12,496**	**834**	**-3,787**	**57**	**2,704**
Timing of sales recognition							
Over a period of time	44,489	-	15,971		-	-	60,460
At a specific date	102,738	30,031	46,288	1,908	-	-	180,965
	147,227	**30,031**	**62,259**	**1,908**	**-**	**-**	**241,425**
External sales by products							
Platform	-	-	31,542	-	-	-	31,542
Services	-	-	30,717	1,908	-	-	32,625
Production services	44,489	-	-	-	-	-	44,489
Film	102,738	-	-	-	-	-	102,738
Sports- and Event-Marketing	-	30,031	-	-	-	-	30,031
	147,227	**30,031**	**62,259**	**1,908**	**-**	**-**	**241,425**

Segment information Jan. 1 to June 30, 2017

(TCHF)	Event Marketing	Other segments	Group
External sales	1,501	1	1,502
Other segment income	2	40	42
Segment expenses	-998	-3,140	-4,138
of which depreciation	*-2*	-	*-2*
of which impairment	-	-	-
Segment earnings	**505**	**-3,099**	**-2,594**

The figures of Constantin Medien AG, which has been fully consolidated since March 31, 2018, are reported under the Sports segment. The Sports segment comprises the business activities of Comosa AG with the World Boxing Super Series and, since April 1, 2018, the activities of Constantin Medien AG in the TV and digital areas with the umbrella brand SPORT1 and in the areas of production, content solutions services, and content marketing with PLAZAMEDIA.

9. FINANCIAL COMMITMENTS, CONTINGENT LIABILITIES AND OTHER UNRECOGNIZED FINANCIAL OBLIGATIONS

Compared to the consolidated financial statements as of December 31, 2017, financial commitments, contingent liabilities and other unrecognized financial obligations increased by TCHF 127,212 to TCHF 206,001 as of June 30, 2018. The increase is attributable to the first-time consolidation of Constantin Medien AG.

Financial commitments, contingent liabilities and other unrecognized financial obligations

(TCHF)	Contingent liabilities	Purchase commitments for licenses	Other unrecognized financial obligations	Rental and lease obligations (operating lease contracts)	Total
As of June 30, 2018					
Due within one year	10,416	39,820	24,869	8,794	83,899
Due between one year and five years	-	57,407	26,735	23,033	107,175
Due after five years	-	-	2,210	12,717	14,927
Total	**10,416**	**97,227**	**53,814**	**44,544**	**206,001**
As of December 31, 2017					
Due within one year	10,525	12,752	6,614	5,197	35,088
Due between one year and five years	-	146	13,869	15,959	29,974
Due after five years	-	-	44	13,683	13,727
Total	**10,525**	**12,898**	**20,527**	**34,839**	**78,789**

10. RELATED PARTY DISCLOSURES

As part of its normal business activities, the company maintains relations with associated companies, the major shareholder and its subsidiaries in addition to companies controlled by members of the Board of Directors.

Related party disclosures

(TCHF)	June 30, 2018	Dec. 31, 2017
Receivables	-	153
Liabilities	61	464

In the reporting year, as in the previous year, there were no transactions with associated companies and joint ventures.

The receivables from related parties essentially relate to transactions with Highlight Communications AG.

Related parties include the members of the Board of Directors, the members of Group management and their relatives.

11. EVENTS AFTER THE END OF THE REPORTING PERIOD

The management and the Board of Directors are not aware of any events that occurred after the balance sheet date and have a significant impact on the net assets, financial position and results of operations of the HLEE Group.